

De : Stephen Quin [REDACTED]

Envoyé : 7 juin 2023 22:54

À : comment@osc.gov.on.ca; Consultation-en-cours <Consultation-en-cours@lautorite.qc.ca>

Objet : Comments on Proposed Amendments to Form 58-101F1 Corporate Governance Disclosure of NI 58-101 Disclosure of Corporate Governance Practices and Proposed Changes to NP 58-201 Corporate Governance Guidelines

ATTENTION : Ce courriel provient de l'extérieur de l'Autorité.

Évitez de cliquer sur un hyperlien, d'ouvrir une pièce jointe ou de transmettre des informations confidentielles si vous ne connaissez pas l'expéditeur du courriel. En cas de doute, communiquez verbalement avec lui.

To the attention of:

- Alberta Securities Commission
- Autorité des marchés financiers
- British Columbia Securities Commission
- Financial and Consumer Affairs Authority of Saskatchewan
- Financial and Consumer Services Commission, New Brunswick
- Manitoba Securities Commission
- Nova Scotia Securities Commission
- Office of the Superintendent of Securities, Newfoundland and Labrador
- Office of the Superintendent of Securities, Northwest Territories
- Office of the Superintendent of Securities Nunavut
- Office of the Yukon Superintendent of Securities
- Ontario Securities Commission
- Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island

Dear Sirs/Mesdames

I am writing as a former senior officer of several TSX and TSX-V listed companies and a past and current director of more than 20 companies that have variously been listed on the TSX, TSX-V, ASX and US exchanges from 1987 and onwards. All of these companies (except the ASX listed one) have been Canadian based and yet have had projects across Canada (including BC, Yukon, NWT, Nunavut, Ontario and Quebec) and the USA (including Arizona, Idaho, Nevada, and Minnesota), as well as in Mexico, Argentina, Brazil, Africa, Europe, and Australia. These projects have been located on staked claims, on wholly owned First Nations and Inuit lands, private lands and mining leases. The projects have ranged from grassroots exploration to mine development, operation, closure and reclamation, as well as redevelopment of historically impacted abandoned mine sites, all in the natural resource sector. The companies themselves have had market capitalizations (at points in their histories) ranging from \$10s of millions to over \$2 billion. It is from this broad experience that I provide my comments.

Firstly, I would comment that ‘one size does not fit all’ and I support the differentiation between venture and non-venture listed companies. The junior mining sector is the foundation and life blood of the mining industry, making discoveries that outweigh their capitalizations, venture into new areas and with new ideas that open up new frontiers and support one of (if not) the greatest centre for excellence in mining exploration globally. However, the challenges at the smaller end of the spectrum are numerous and a significant contribution to that is the regulatory burden that filters down from above. When I first started in the mining industry in 1980, the vast majority of the funds went into the ground, and corporate overhead was minimal. Today, increasing regulatory requirements (from financial and technical reporting to corporate governance and more) consume considerable funds to just maintain existence, and pull hard won funds away from work in the field and deter investment as increasing percentages of funds raised go to corporate compliance as opposed to exploration. This does not mean that such regulation and reporting is not necessary, far from it, however, it is a reality. To the current request for comments, then, it is important to recognize that junior companies are small, should have minimal overhead, be nimble and flexible, and usually have very few people on staff. As a result, adding strictures applicable to companies with tens of thousands of employees and boards of a dozen or more to companies with two or three employees and an often unpaid (except for options) board of four or five makes little to no sense – one size does not fit all. Small listed companies are often no larger than families, and requiring one of this and one of that is not realistic or practical.

Secondly, based on my broad experience in jurisdictions, I strongly believe that diversity should reflect the community where the company’s people are located. Yes, the vast majority of companies I have been involved with have their HQ in Canada, but most of the people working for the companies were or are located where their project is. Diversity should reflect **that** location as well as the head office and trying to categorize classes of disadvantaged persons makes little to no sense on a corporate basis, as those definitions are completely different in Vancouver vs. Yukon vs. Idaho vs Para State in Brazil. I have worked on a project in the UK, there are no aboriginal inhabitants, whereas having worked in Nunavut almost everyone is. Having been involved with projects in Africa, why would we expect anything less than a vast majority being people of African heritage and Caucasian expats be a tiny minority (if any), while in Idaho (where I had a project) less than 1% of the population are Black or African American, well behind various other ethnic populations, so shouldn’t workforces in Idaho reflect that reality? My former mine in Mexico had 100% Mexican locals, with no expat gringos on staff at all and, across the whole corporation, the vast majority were Mexican despite a head office in Vancouver – but I don’t think we had any African Americans – does that mean we were a failed example of diversity? I don’t think so. Similarly, at a mine we had in the Canadian North, we had one of the highest proportions of First Nations in Canada at our project, but personally, I was not satisfied with where we were because we had too many people flying in from elsewhere and that did not reflect our community to the degree we had hoped and would strive for more. I therefore support the approach in Proposed Form A as opposed to Form B, as discussed below. Companies should work to address their own situation and address diversity in the broadest sense that fits their particular context, and they should be the ones to decide. Forcing structures of diversity based on Canada or Vancouver or Toronto and having lists of ‘groups’ of people is much too Orwellian.

Thirdly, I am not supportive of “classifying” people – this is the route to division not inclusion. Many people come from diverse backgrounds, and self-identifying as part of a group

forces people to choose and report to others, and many take advantage by mistakenly or falsely claiming membership of disadvantaged groups for personal or corporate gain or 'greenwashing' – witness the numerous well-publicized cases of such in Canada and the US over the past couple of years alone. Further, Canada is a multi-ethnic country and intermarriages are commonplace, so why should someone get 'preferred' because they are one quarter or half some "group" but visibly so, but someone who is the same combination of ethnic background but not visibly so not be selected? People are people, and every individual deserves individual consideration of their individual circumstances - is a white male who may be poor, uneducated and supporting kids any less deserving of an opportunity than a black woman from a well to do middle class family? Should a single father be considered any differently to a single mother? Why should an older person be considered differently than someone entering the workforce? Should an Asian person born and educated in Canada (with all those advantages) be treated as a preferred visible minority over a European emigree looking for a better life just because they are Caucasian? Why would a visible minority man get preference over a Caucasian woman? Wherever you are, you should reflect your community – or strive to do so – and not try to socially engineer some person's or group's view of what your organization should look like. My view is that the best interests of all its stakeholders is achieved through a broad definition of diversity that encompasses not only the physical characteristics that make individuals different from each other but their cultural and socio-economic background, area of expertise and type of experience. Further, we should not discriminate on the basis of age, ethnicity, indigenous origin or heritage, gender, disability, physical characteristics, beliefs, language, sexual orientation, education, nationality, social background and culture or other personal attributes. People should fill all levels of a company's organizational structure based on their ability to undertake the role demanded by the position and be supported to succeed, grow and move up the organization. Every company should have a commitment and approach to ensuring equality of opportunity by achieving and maintaining diversity, in the broadest sense, and widening participation on its board, within its executive team and senior management and the general workforce.

Finally, good governance should see companies aspire to have the best directors, management and employees for its particular objectives, strategies, projects and locations and the availability of persons interested in being part of an organization that has a particular culture or ethos. The objective should be the success of the organization to the benefit of all of its stakeholders, and not be driven by quotas, box ticking or a perceived ESG objective of the moment. Good companies succeed by having good people, no matter where those people sit on the diversity rainbow, and great companies have something special – a team that gels and is all pulling together in the same direction at the same time. That is not achieved by prescriptive mandates but finding those persons that 'click' with the rest (at whatever level of the organization), regardless of their background.

As to the specific requests for comments:

1. Board nominations/Renewal
 - a. As per the first point above "one size does not fit all", there should be a different approach to board nomination disclosure for Venture issuers vs. non-Venture. Venture issuers should be limited to a discussion on how the board nomination process was carried out for any new nominations, and what factors (knowledge, training, skills, experience, diversity, company needs and others)

were factored into the selection of a nominee. As a result, Form A should be preferable to Form B in general, but, given the nature, capitalization and financial resources of the significant majority of Venture issuers, I am not supportive of developing similar requirements for Venture companies, other than a requirement for a general summary of the process to select new directors and the considerations and factors taken into account.

- b. Provided the disclosure of the skills, knowledge, experience, competencies and attributes of candidates that are considered and evaluated in the nomination process is general in nature (a prose summary as opposed to an exhaustive table), I don't see such as an issue. It is no different to director biographies on websites, which are pretty much universal.
- c. I am not supportive of term limits or age limits on directors; I have seen good (hard working, knowledgeable, experienced, contributive) directors leave companies to the company's detriment and, conversely, poor directors stay. Again, each company should manage its own process and should assess directors based on their merits and under-performers should be filtered out. This is often challenging, but boards (or nominating committees) should fulfill their role, recognizing such conversations may be uncomfortable, and not take the easy way out of allowing term or age limits to do their work for them (and enduring in the meantime).

2. Diversity

- a. Concept of Diversity
 - i. As per my third point above, I am not in favour of 'classifying' people (including as women), but Form A is obviously preferable to Form B with this perspective.
 - ii. As noted in my second point above, companies should aim to reflect the communities where they work, not box check a list of categories. Form A would appear to allow the flexibility for a company to define its 'identified group' based on its local environment and communities, and that could be very different for a company working in British Columbia vs. Brazil vs. Mali vs. Western Australia or Idaho.
- b. Approach to Diversity – Board
 - i. Again, for the reasons already mentioned, Form A is preferable to Form B, and each company should have the flexibility to choose its own path and approach.
 - ii. I am therefore supportive of the use of words such as "approach" and "objectives" as opposed to a requirement for a written strategy and performance against such.
- c. Approach to Diversity – Executive Officers
 - i. Same comments as for the board; prefer Form A over Form B.
 - ii. While Form B has no obligations, it would be more balanced to have the same approach to disclosure as for the board members with the same caveats as 1(b) above.
- d. Targets and other measurable objectives
 - i. As you may have gathered by now, I do not support mandated or required targets. Companies should aim to reflect their local situation and strive to do so while always going for the best person, taking into account all facets of the position and the organization. If investors do

not like what they see, they can make their opinions known to the Chair, board and/or nominating committee and either be satisfied with the response, push for change or exit the company in preference for one that better aligns with their interests.

To be clear, I am strongly supportive of diversity, but it should be companies that decide what their diversity should look like. I have worked in organizations with a huge range of levels of diversity, whether gender or measured by other metrics, and generally believe that a diverse organization that reflects its setting is a positive but have seen little to no evidence that it necessarily benefits performance and results. You can find highly diverse companies that do exceptionally well and exceptionally badly, as with any set of organizations. Performance and results are driven by the people, their skills, experience, dedication, morals, backgrounds and so many other factors that allow the organization to come together as something good or even great, on occasion. That is something for each organization to strive for and find in its own way, not to have an outside set of rules or requirements imposed on them that says: "This is what is good".

These views represent my own perspectives and not those of companies I am involved in at a board level or as an advisor.

Thank you for the opportunity to comment.

Sincerely,

Stephen P. Quin

Work Correspondence

